

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 0528

E.O. 11652: GDS
TAGS: OVIP, IC
SUBJECT: VISIT OF SECRETARY STETSON TO ICELAND: DISCUSSIONS WITH
PRIME MINISTER AND FOREIGN MINISTER

REF: REYKJAVIK 0499 DTG 121408Z APR 78

SUMMARY: DURING SECRETARY OF AIR FORCE STETSON'S
CALL ON ICELAND PRIME MINISTER GEIR HALLGRIMSSON,
PRIME MINISTER EXPRESSED APPRECIATION FOR DEPLOYMENT
OF NEW AIRCRAFT (AWACS AND F-4E'S) TO ICELAND. PRIME
MINISTER ALSO STRESSED IMPORTANCE OF GIO REQUEST FOR
US ASSISTANCE IN SEPARATING CIVILIAN FROM MILITARY AIR TERMINAL
FACILITIES AT KEFLAVIK IN ORDER TO INCREASE LONG TERM
ACCEPTABILITY OF NATO BASE TO ICELANDERS. IN SUBSEQUENT
CALL BY SECRETARY ON FOREIGN MINISTER AGUSTSSON LATTER
MADE SAME POINT EVEN MORE STRONGLY AND INDICATED IN
UNUSUALLY FRANK LANGUAGE EXTENT TO WHICH HE IS
PERSONALLY COMMITTED TO HIS ELECTORATE ON
AIR TERMINAL ISSUE. END SUMMARY.

1. SECRETARY STETSON ACCOMPANIED BY AMBASSADOR,
ASSISTANT SECRETARY MARTIN, GENERAL HOOVER AND DCM
CALLED ON PRIME MINISTER ON APRIL 14 AS SCHEDULED.
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AT PRIME MINISTER'S REQUEST, SECRETARY REVIEWED
VISIT TO NEAR EAST, TURKEY AND GREECE, AND IMPORTANCE
OF "SOUTHERN FLANK". PRIME MINISTER THEN NOTED
GROWING IMPORTANCE OF NATO'S NORTHERN FLANK AND
EXPRESSED HIS GOVERNMENT'S APPRECIATION FOR DEPLOY-
MENT OF AWACS AND MORE MODERN INTERCEPTOR AIRCRAFT
(F-4E'S) TO ICELAND. HE THEN EXPRESSED ICELAND'S

CONCERN OVER SOVIET NAVAL BUILDUP IN THE KOLA PENINSULA AND SAID THAT DURING HIS VISIT TO SOVIET UNION LAST FALL HE HAD EXPRESSED THIS CONCERN TO SOVIET PRIMER KOSYGIN. PRIME MINISTER STATED THAT KOSYGIN HAD REPLIED THAT SOVIET BUILDUP IN KOLA WAS NOTHING SPECIAL SINCE SOVIET FLEET WAS NOW ON ALL THE OCEANS OF THE WORLD.

2. PRIME MINISTER EXPRESSED SATISFACTION OVER USG ADHERENCE TO 1974 MEMORANDUM OF UNDERSTANDING CONCERNING PRESENCE OF US-MANNED ICELAND DEFENSE FORCE (IDF) AT KEFLAVIK NATO BASE. HE ADDED, HOWEVER, THERE STILL REMAINED NEED TO SEPARATE MILITARY AND CIVILIAN FACILITIES AT KEFLAVIK AIRPORT THROUGH CONSTRUCTION OF NEW AIR TERMINAL IN ORDER TO IMPROVE LONG TERM ACCEPTABILITY OF BASE TO ICELANDERS. SINCE ICELANDERS DID NOT HAVE THE FINANCIAL RESOURCES TO CONSTRUCT NEW TERMINAL, GOI HAD TURNED TO USG FOR HELP. HE AND HIS PARTY (THE PRO-NATO BASE INDEPENDENCE PARTY) WOULD HAVE A "VERY WEAK" CASE I SUPPORTING EXISTING DEFENSE ARRANGEMENTS DURING FORTHCOMING ELECTIONS, WHICH HE STATED WOULD TAKE PLACE IN JUNE, IF NO PROGRESS HAD BEEN MADE IN OBTAINING US ASSISTANCE FOR CONSTRUCTION OF SEPARATE TERMINAL BUILDING.

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3. PRIME MINISTER THEN REPEATED POINT HE HAD MADE IN PAST TO AMBASSADOR, NAMELY, THAT HE IS DETERMINED TO RAISE ICELAND'S MEMBERSHIP IN NATO AND CONTINUING PRESENCE OF ICELAND DEFENSE FORCE AT KEFLAVIK AS CAMPAIGN ISSUES. ONLY IN THIS WAY, HE DECLARED, WOULD ICELANDIC ELECTORATE BECOME AWARE OF FUNDAMENTAL CHANGE IN ICELAND'S RELATIONSHIP TO NATO AND IN PRESENCE OF ICELAND DEFENSE FORCE THAT RETURN OF LEFTIST GOVERNMENT TO POWER WOULD BRING ABOUT. (ON OTHER OCCASIONS, PRIME MINISTER HAS STATED THAT PREVIOUS LEFTIST GOVERNMENT'S DEMAND FOR US DEPARTURE FROM KEFLAVIK (1971-1974) CAUGHT MAJORITY OF ICELANDERS BY SURPRISE, SINCE ICELAND'S NATO MEMBERSHIP HAD BEEN VIRTUALLY IGNORED AS CAMPAIGN ISSUE IN 1971 ELECTIONS.

4. SECRETARY REPLIED THAT USG FULLY APPRECIATES IMPORTANCE OF KEFLAVIK FACILITY AND THAT ICELAND'S REQUEST FOR ASSISTANCE IN SEPARATING CIVILIAN FROM MILITARY FACILITY AS BASE HAD RECEIVED CAREFUL AND THOUGHTFUL CONSIDERATION IN WASHINGTON AT HIGHEST LEVELS OF USG AGENCIES PRINCIPALLY CONCERNED.

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C O N F I D E N T I A L SECTION 2 OF 2 REYKJAVIK 0528

SECRETARY EXPRESSED HIS UNDERSTANDING THAT
DECISION IS NOW PENDING ON GOI REQUEST BUT INDICATED
THAT HE COULD NOT PREDICT WHAT IT WOULD BE. IN
REPLY, PRIME MINISTER SAID HE UNDERSTOOD ISSUE IS NOW
AWAITING RESOLUTION AND EXPRESSED BELIEF THAT
WHATEVER FINANCIAL ASSISTANCE MIGHT BE INVOLVED,
ALTHOUGH LARGE IN TERMS OF ICELAND'S RESOURCES,
WOULD APPEAR VERY MODEST IN TERMS OF OVERALL VALUE OF
KELFAVIK FACILITY, MEETING, WHICH LASTED ABOUT
FORTY MINUTES, ENDED ON WARM NOTE WITH PRIME
MINISTER EXPRESSING GRATIFICATION FOR SECRETARY'S
VISIT.

5. IN SUBSEQUENT CONVERSATION WITH FOREIGN MINISTER
AGUSTSSON, LONG TERM POLITICAL IMPORTANCE OF
SEPARATING CIVILIAN FROM MILITARY FACILITIES WAS
AGAIN STRESSED TO SECRETARY. IN UNUSUALLY FORTH-
RIGHT MANNER AGUSTSSON SAID HE WAS PERSONALLY
COMMITTED TO THE ELECTORATE TO SEPARATION OF
CIVILIAN FROM MILITARY FACILITIES AT KEFLAVIK
AIRPORT AND THAT HE WOULD BE HARD PUT TO EXPLAIN
WHY AFTER FOUR YEARS THIS HAS NOT TAKEN PLACE.
SECRETARY NOTED THAT THE VARIOUS INTERESTED USG
AGENCIES HAD MADE THEIR RESPECTIVE RECOMMENDATIONS
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ON THIS MATTER AND WE WERE NOW AWAITING FINAL
DECISION. FOREIGN MINISTER ASKED WHEN ANSWER COULD BE
EXPECTED. SECRETARY STETSON REPLIED THAT HE COULD
NOT SPECULATE ON THIS. FOREIGN MINISTER CONTINUED
THAT FROM HIS OWN POINT OF VIEW, US ASSISTANCE ON
TERMINAL WAS "A VERY GREAT ISSUE". HE NOTED THAT IT
WAS IMPORTANT TO HAVE AT LEAST SOME SORT OF
UNDERSTANDING THAT US WILL BE ABLE TO HELP. FOREIGN
MINISTER COMMENTED THAT THERE IS GREAT OPPOSITION TO
PRESENCE OF FOREIGN TROOPS IN ICELAND. MANY
ICELANDERS BELIEVE SURVEILLANCE AND OTHER BASE ACTIVITIES
COULD BE CARRIED OUT WITHOUT FOREIGN TROOPS PERMANENTLY
BASED IN ICELAND. ICELANDERS ALSO OBJECT STRONGLY TO
PASSING THROUGH FOREIGN MILITARY ESTABLISHMENT TO GO
TO AND FROM THEIR ONLY INTERNATIONAL AIRPORT.
SEPARATION OF FACILITIES AT AIRPORT, HE CONCLUDED,
WOULD GO A LONG WAY TOWARD RESOLVING SUCH CONCERNS
AND OBJECTIONS.
MEETING ENDED CORDIALLY WITH FOREIGN MINISTER
EXPRESSING SATISFACTION THAT SECRETARY'S VISIT
HAD PERMITTED EXCHANGE OF VIEWS ON MATTER OF GREAT
INTEREST TO BOTH COUNTRIES.

6. NOTE: FOREGOING WAS PREPARED FOLLOWING
SECRETARY STETSON'S DEPARTURE FROM ICELAND, AND
IS UNCLEARED RECORD OF CONVERSATIONS.
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